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(Discussion paper no. 1)





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Office of the  
Auditor General  
of Canada



Bureau du  
vérificateur général  
du Canada

DISCUSSION PAPER NO. 1  
SOCIAL IMPERATIVES ON AUDIT PROJECTS

by

K.G. BELBECK      DECEMBER 1976

and amended by

D.L. MEYERS      APRIL 1980

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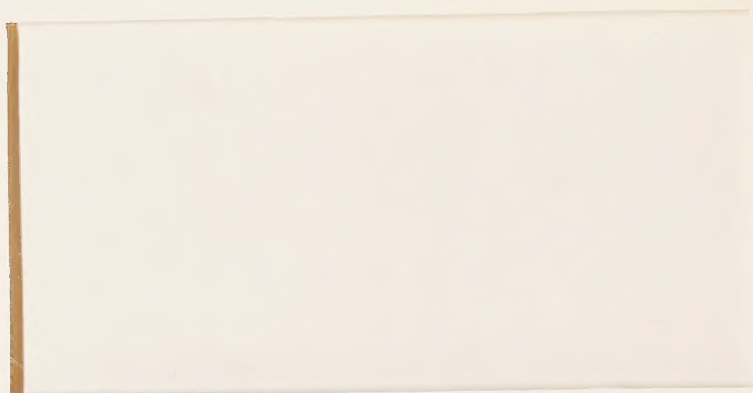
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## **SOCIAL IMPERATIVES ON AUDIT PROJECTS**

by

**K.G. Belbeck amended by D.L. Meyers**

### **A. You are a Member of the Office of the Auditor General**

Project members, outside consultants and civil servants alike (some part of the OAG, and others seconded) are members of the Auditor General's staff. Of all imperatives, this is the one that we must all remember most carefully at all times. It is hard to give up one's former orientation, but that is what is required.

To put it another way, we all share in the mandate of the Auditor General, helping him exercise it for the benefit of public administration and the people of Canada, through Parliament. We must not embarrass him by careless, ill-considered acts or statements. The suggestions of this paper are directed to this end.

### **B. The Name of the Game is Objectivity**

Of all the attributes of the Office of the Auditor General, the one that must be most jealously guarded is its reputation for objectivity. The Auditor General may be attacked for his views, criticized by people who are well or ill intentioned. It's a free country. But we must protect his reputation for





objectivity and disinterested investigation and reporting of things that should be the concern of Parliament and of all Canadians.


All the social imperatives, in the end, are focused on the preservation of the ideal of objectivity. Not only must the Auditor General continue to be objective; he must be seen to be objective, to be, like Caesar's wife, above suspicion. This principle cannot be overstressed. It would be better to overlook problems than destroy the foundation of the AG's Office; the problems can always be tackled again on another occasion, but not if the means of doing so have been discredited by unthinking actions of project team members.

Good "auditors" know this from training and experience. Good auditors follow the rules, and document their views, and do not operate in an intuitive or consulting-advisory role with their clients. The focal point is objective investigation, hopefully with eventual positive results, but in a fairly "formal" mode of relationship with the departments and other government agencies.

### **C. Certain Things Must NOT be Done**

Among project imperatives are key negative rules that simply must not be broken.

**1. No breach of confidentiality of data.** The Oath of Secrecy means what it says. All information privy to the project teams is completely privy to the Office internal system alone. Under no circumstances is any information to



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be passed to any person, including government officials, under any pretext, without the formal approval of the Principal of the project team. In other words, all information released is part of the formal reporting procedure of the Office.

**2. No contact with the media.** The media are naturally interested in our work, and feel, as stated by The New York Times, that they must have unrestricted access to "all the news that's fit to print". We do not deny the right of the media to inquire; it's just that no one except the Auditor General is authorized to make statements. This injunction will be rigorously enforced, and project team members are advised to avoid any contact with representatives of the media that would cast suspicion on them. Do not risk being even an unwitting leak.

**3. No offhand comments on the job.** People are always looking for hints of reaction from inspectors and questioners -- which is what project teams are. Therefore, we have to be careful not to make casual comments on our work in departments and agencies. These might not be harmful if minor and accurate, but we cannot run the risk. Remember -- the feedback mechanism is not dependent on impulses of team members, but on the arrangements made for providing it officially.

**4. Avoid even the appearance of conflict of interest.** If you feel that you might have a conflict of interest, report it to your team leader and to the Audit Principal.





If you even suspect that an observer would question your actual or potential objectivity, you must declare this feeling. This is a vitally important piece of advice. If in doubt, bring up the point and have it dealt with.

While a person can do as s/he chooses, the recommended Office policy is to be aware of your relationships with members of the public service outside the Office of the Auditor General. The same goes for elected and other politicians. Remember: you get hung for what you say, not for what you do not say. While the Office hesitates to sponsor policies in personal matters, we would suggest that you avoid going out on the town with people even remotely connected with the project, outside the Office. And when out on the town, remember your standing obligation to be discreet. Off-hours communications can be easily be garbled.

This issue arises in your relations with your professional colleagues, or with your friends in departments or agencies from which you have been seconded if you were a departmental civil servant before joining the Office. Avoid discussion of projects with all such friends and (possible former) colleagues. Confine the discussions to our own four walls.

**5. Executive Interchange, Consultants: Put away your business cards and stationery.** Do not carry and give out your business cards while associated with Office projects. Do not write memos or letters on your private company letterheads; remember - you are part of the Office of the Auditor General now. All forms and stationery are to be "official", through the OAG.





**6. Don't say: "This is how to do business".** Competent, thoughtful civil servants are tired of having irrelevancies thrown in their faces from the business sector. Business and government are different, have different problems requiring different solutions. Public administration lacks the clearcut criteria of business success, and is often more complex than many businesses. So -- refrain from invidious comparisons, and be careful about transferring concepts and policies in your own mind from outside the public sector.

This is not to say that a business background will not be useful on the project. The principles of organization and management are to some degree universal in their validity. But the Office philosophy does not envisage simple solutions drawn from the private sector. The process, if it occurs, will be more of a translation.

Moreover, the project team does not arrive on the job with a full set of ready-made answers to the problem of improving management controls in respect of economy, efficiency and effectiveness. We are often engaged in an unusual kind of project, one with a substantial component of research, inquiry and build-up of knowledge on the state of the art in the public administration. If we do a good job, the public service will benefit from our efforts. Our knowledge will be based on what we already know about these things, but let us be wary of pat answers.



**D. It's not all Negative: Some Things to Do**

While it is true that the project imperatives are mainly designed to keep you out of trouble, here are a few positive points.

**1. Stress the knowledge transfer concept.** The underlying aim of the Office is to help transfer knowledge from a variety of sources into the public service of Canada, to inform and encourage managers to do a better job. In relations with departments and agencies whose management controls are being assessed as to quality, we should stress this knowledge transfer concept. We wish departments and agencies to understand and accept the value of this positive kind of performance measurement review, a "constructive investigation".

**2. If you're lucky you will become an advisor.** The project team goes into its organizational investigations of the quality of management controls with a certain range of options. It seeks to appear in a "service" rather than "inspection" role, as a reformer rather than an informer. In this sense, we appeal to the departments and agencies for their support and co-operation. By the same token, if we succeed in this approach, the benefits of our work will be greater, and our advice heeded by more people.

However, the option is up to the organizations being audited. If we encounter negative or un-co-operative attitudes, then the Office position and approach will have to be reconsidered. So far, we are encouraged by the situation.





**3. Pay attention to security.** Project teams will be working most of the time in departments or other government agencies. In this work, they are expected to obtain working space of a secure type from the organization concerned. This means they should have an office of their own, desks, and filing cabinets for their working papers all of which can be locked. The Director of Administration will make these arrangements.

Similarly, when working in the OAG headquarters building, all working papers must be locked up when you are going to be away from your desk.

Security also means having your clerical work done in the OAG project offices, not in the organization being audited. The Principal in charge of the audit will help you with any problems.

**4. Be punctual in returning papers.** In addition to routine, published documents, project team members will often borrow special documents internal to the administration of the organization in which they are working. Such papers should be kept in strict confidence, and should be promptly returned when no longer needed. This is a good public relations practice, and also good manners. Under no circumstances should project members leave with originals of documents from Departmental Files. Make a copy and return them.

**5. Contacts with deputy heads.** When significant meetings are to be held with deputy heads, they should be set up by the Deputy Auditor General in charge of the audit.





All significant contacts with deputy heads are to be summarized in a file memo copied to the respective Deputy Auditor General.

**E. The Achilles Heel: Evaluation of the Effectiveness of Programs**

We can avoid a lot of wasted time and argument in our work in departments and agencies if we keep in mind that government programs differ in their evaluability. Project team members can tend to get hung up on abstract discussions of evaluability with public servants. It is an interesting and important subject. But we should all realize that some programs are simply not evaluable by objective, "scientific" means. In other words, their effectiveness is largely a matter of judgement. We should not hesitate to admit this in departmental discussions. It will save a good deal of time, if our experience to date is any indication.

Moreover, the Auditor General's mandate has a different emphasis with respect to "effectiveness" than "economy" and "efficiency". Section 7(2)(e) of Bill C-20 requires the Auditor General to report instances where "satisfactory procedures" have not been established to measure and report the effectiveness of programs, where such procedures could "appropriately and reasonably be implemented". In other words, the emphasis is not on evaluation of the effectiveness of programs per se, but on how it is being approached within the practical possibilities, by departments and agencies. The Office is not engaged in substantive evaluation studies of effectiveness. This point should also be made clear in conversations and briefings with the organization being audited.



#### **F. The Office Has an Open Approach**

The project imperatives are an important part of the management rules of our Office. They will be modified and extended from time to time as the project progresses and new situations come to light.

As a member of the project, you should not hesitate to bring problems of procedure and diplomacy to the attention of your team leader or Principal. This will help us in many ways. It is preferable to get problems out in the open, for resolution, than to leave them to accumulate as hidden hazards to our work.





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